

Pizu Group Holdings Limited

比優集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8053)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE QUARTER ENDED 30 JUNE 2021

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors of Pizu Group Holdings Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange for the purpose of giving information with regard to Pizu Group Holdings Limited. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this report or this report misleading.

HIGHLIGHTS

- Turnover of the Group for the quarter ended 30 June 2021 (the “Quarterly Period”) was approximately RMB453.76 million, representing an increase of approximately 7.00% as compared to corresponding period in the previous fiscal year.
- The Group recorded a profit attributable to Owners approximately RMB65.49 million for the Quarterly Period.
- The Group recorded a total comprehensive income attributable to Owners approximately RMB72.88 million for the Quarterly Period.
- Basic and diluted earnings per share of the Group was approximately RMB0.018 for the Quarterly Period.
- The Board does not recommend the payment of any dividend for the Quarterly Period.

UNAUDITED RESULTS FOR THE QUARTER ENDED 30 JUNE 2021

The board (the “Board”) of directors (the “Director(s)”) of Pizu Group Holdings Limited (the “Company”) announces the unaudited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the Quarterly Period, together with the unaudited comparative figures for the corresponding period in 2020, as follows:

(Unless otherwise stated, all financial figures presented in this quarterly financial report are denominated in Renminbi (“RMB”) thousand dollars)

		Three months ended	
		30 June	
	<i>Notes</i>	2021	2020
Revenue	2	453,762	424,073
Cost of goods sold and services provided		<u>(290,795)</u>	<u>(261,177)</u>
Gross profit		162,967	162,896
Other income and gain		3,569	7,635
Share of profit of associates		2,684	2,683
Selling and distribution expenses		(14,954)	(11,119)
Administrative expenses		<u>(23,263)</u>	<u>(27,530)</u>
Profit from operating		131,003	134,565
Finance costs	3	<u>(1,329)</u>	<u>(1,841)</u>
Profit before income tax		129,674	132,724
Income tax	4	<u>(17,216)</u>	<u>(18,565)</u>
Profit for the period		<u>112,458</u>	<u>114,159</u>

		Three months ended	
		30 June	
	<i>Notes</i>	2021	2020
Other comprehensive loss for the period			
Exchange differences arising from translation of foreign operation		<u>(2,367)</u>	<u>571</u>
Total comprehensive income for the period (net of tax)		<u>110,091</u>	<u>114,730</u>
Profit attributable to:			
– Owners of the Company		65,490	67,215
– Non-controlling interest		<u>46,968</u>	<u>46,944</u>
		<u>112,458</u>	<u>114,159</u>
Total comprehensive income attributable to:			
– Owners of the Company		72,877	68,339
– Non-controlling interest		<u>37,214</u>	<u>46,391</u>
		<u>110,091</u>	<u>114,730</u>
		RMB (Yuan)	RMB (Yuan)
Earnings per share	6		
Basic and diluted		<u>0.018</u>	<u>0.019</u>

Notes:

1. PRINCIPAL ACCOUNTING POLICIES

The unaudited quarterly report has been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited. The accounting policies adopted are consistent with those set out in the annual financial statements for the year ended 31 March 2021.

The quarterly report is unaudited, but has been reviewed by the audit committee of the Company.

The Group principally operates in the People’s Republic of China (the “PRC”) with its business activities principally transacted in RMB, the results of the Group are therefore prepared in RMB.

2. REVENUE

An analysis of the revenue from the Group’s principal activities, which is also the group’s turnover is as follows:

	Three months ended 30 June	
	2021	2020
Sales of civil explosive	161,365	171,663
Provision of blasting operations	292,397	252,410
	<u>453,762</u>	<u>424,073</u>

3. FINANCE COST

	Three months ended 30 June	
	2021	2020
Interest charge on bank borrowing	1,323	1,826
Interest on lease liabilities	6	15
	<u>1,329</u>	<u>1,841</u>

4. INCOME TAX

No provision for Hong Kong profits tax is made for current year and prior year as there is no assessable profits arising in Hong Kong for both years. Tajikistan Corporate Income Tax rate is calculated at applicable rate of 23% (for activities other than goods production) and 13% (for activity of goods production) respectively; whereas EIT is calculated at the applicable rate of 25%, except that:

- (i) One Tajikistan subsidiary is exempted from Tajikistan Corporate Income Tax for 5 years until 2022 pursuant to the investment agreement between the subsidiary and the Tajikistan government.
- (ii) Three PRC subsidiaries which have obtained the New and Hi-tech Enterprise recognition are entitled to enjoy preferential EIT rate of 15% for a period of 3 years from 25 August 2017, 3 December 2018 and 13 November 2019 respectively.
- (iii) Two branches and a subsidiary which are located in the Tibet Autonomous Region of the PRC are entitled to preferential tax rate. Based on the tax ruling announced by the PRC central tax authorities, the EIT rate of Lhasa is 9% for the years from 2015 to 2021. The EIT rate will resume to 15% from 2022 onwards if no further announcement from the PRC central tax authorities is made.

Income tax represents:

	Three months ended	
	30 June	
	2021	2020
Current tax		
PRC Enterprise Income Tax	17,216	18,565
Tajikistan Corporation Income Tax	—	—
	<u>17,216</u>	<u>18,565</u>

5. DIVIDENDS

The Board does not recommend payment of any dividend for the Quarterly Period (2020: Nil).

6. EARNINGS PER SHARE

The calculation of basic earnings per share are based on profit attributable to the owners of the Company and the ordinary shares in issue during the Quarterly Period of 3,558,724,852 (2020: 3,558,724,852).

	Three months ended	
	30 June	
	2021	2020
Profit attributable to the owners of the Company	<u>65,490</u>	<u>67,215</u>

For the Quarterly Period and the corresponding period in 2020, there is no potentially dilutive share in issue during the respective period and thus the diluted earnings per share is also the same as the basic earnings per share in the respective period.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The turnover of the Group for the Quarterly Period increased by approximately 7.00% as compared with the same period in 2020. The increase was mainly due to the Group was affected by the epidemic in the previous year, and there was a shortage of construction workers which led to a decrease in the amount of work in the same period last year. This year, the Group is less affected by the epidemic, and the operation is normal.

CHARGE OF ASSETS

As at 30 June 2021, certain property, plant and equipment amounted to RMB10,966,000,000 (2020: 66,105,400) were pledged to secure the Group's bank loans.

BUSINESS REVIEW AND PROSPECTS

Business Review

During the Year, the primary income source of the Group came from civil explosive manufacturing and service business. After reviewing the business operation in recent years, the Group will focus on civil explosive business and provision of blasting operations due to the fact that this segment can generate substantial and sustainable profit for the Group.

On 28 June 2019, a wholly-owned subsidiary of the Company entered into a capital injection and cooperation agreement (the "Capital Injection and Cooperation Agreement") with Anhui Jinding Mining Co., Ltd.# (安徽省金鼎礦業有限公司) ("Anhui Jinding") and its shareholders, and the transaction was completed on 9 October 2020, for details, please refer to the Company's announcement dated 12 October 2020. Anhui Jinding is a mining company which is currently in the stage of development. The Company hopes to take this opportunity to extend the industrial chain to non-ferrous metals and precious metals mining industries.

In July 2021, Anhui Jinding obtained the safety production licenses and planned to commence the commercial production in the second financial quarter of 2021.

Business Outlook

The Group will continue to focus on the development of civil explosive business, mining engineering business and mine development business.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2021, the interests or short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debenture of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which is taken or deemed to have under such provisions of the SFO), or which were required, to be entered in the register required to be kept under section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

The Company – interests in Shares and underlying Shares

Name of Director	Capacity/nature of interest	Number and class of securities held (Note 1)	Approximate percentage of shareholding (Note 2)
Mr. Xiong Zeke	Interest of a controlled corporation (Note 4)	80,811,927 ordinary shares (L)	2.27%
	Beneficial owner	11,813,333 ordinary shares (L)	0.33%
Ms. Qin Chunhong	Interest of a controlled corporation (Note 5)	34,024,908 ordinary shares (L)	0.96%
	Beneficial owner	540,000 ordinary shares (L)	0.02%
Mr. Liu Fali	Beneficial owner	240,415,854 ordinary shares (L)	6.76%
	Interests of any parties to an agreement to acquire interests in the Company required to be disclosed under sections 317(1)(a) and section 318 of the SFO	1,657,167,368 ordinary shares (L) (Note 3)	46.57%
Mr. Ma Tianyi	Beneficial owner	3,660,000 ordinary shares (L)	0.10%

Name of Director	Capacity/nature of interest	Number and class of securities held <i>(Note 1)</i>	Approximate percentage of shareholding <i>(Note 2)</i>
Ms. Ma Ye	Beneficial owner	124,005,000 ordinary shares (L)	3.48%
	Interests of any parties to an agreement to acquire interests in the Company required to be disclosed under sections 317(1)(a) and section 318 of the SFO	1,774,098,222 ordinary shares (L) <i>(Note 3)</i>	49.85%
Mr. Ma Gangling	Beneficial owner	34,024,908 ordinary shares (L)	0.96%

Notes:

1. The letter “L” denotes a long position in the shares or underlying shares of the Company or any of its associated corporations.
2. The percentage of shareholding is calculated based on the number of issued shares of the Company as at 30 June 2021.
3. By virtue of the SFO and the Irrevocable Undertaking given by Mr. Ma Suocheng, Ms. Ma Xia, Ms. Ma Ye and Mr. Liu Fali in favour of Mr. Ma Qiang, (1) Mr. Ma Suocheng was deemed to be interested in all the Shares in which Ms. Ma Xia, Ms. Ma Ye, Mr. Liu Fali and Mr. Ma Qiang were interested; (2) Ms. Ma Xia was deemed to be interested in all the Shares in which Mr. Ma Suocheng, Ms. Ma Ye, Mr. Liu Fali and Mr. Ma Qiang were interested; and (3) Ms. Ma Ye was deemed to be interested in all the Shares in which Mr. Ma Suocheng, Ms. Ma Xia, Mr. Liu Fali and Mr. Ma Qiang were interested; and (4) Mr. Liu Fali was deemed to be interested in all the Shares in which Mr. Ma Suocheng, Ms. Ma Xia, Ms. Ma Ye and Mr. Ma Qiang were interested.
4. These shares represented the interests of Fabulous Seeker Holdings Limited in 80,811,927 shares of the Company. As the entire issued share capital of Fabulous Seeker Holdings Limited was owned by Mr. Xiong Zeke, he was deemed to be interested in all the shares in which Fabulous Seeker Holdings Limited was interested by virtue of the SFO.
5. These shares includes the interests of Crystal Sky Development Inc. in 34,024,908 shares of the Company which is equally owned by Ms. Qin and her husband. Ms. Qin was deemed to be interested in all the Shares by the virtue of the SFO.

Save as disclosed above, as at 30 June 2021, none of the Directors or chief executives of the Company had any interests or short positions in any shares, underlying shares or debentures of, the Company or any associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were otherwise required, pursuant to the minimum standards of dealing by directors of listed issuers as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS AND PERSONS WITH DISCLOSEABLE INTEREST AND SHORT POSITION IN SHARES UNDER SFO

So far as is known to any Director or chief executive of the Company, as at 30 June 2021, the following persons (other than the Directors or chief executive of the Company as disclosed above) had an interest or short position in the Shares or underlying Shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Long positions in shares

Name of shareholder	Capacity/nature of interest	Number and class of securities held (Note 1)	Approximate percentage of shareholding (Note 2)
Shiny Ocean	Beneficial owner	1,361,516,331 ordinary shares (L)	38.25%
Ma Family Holdings Co. Limited	Interest of a controlled corporation	1,361,516,331 ordinary shares (L) (Note 3)	38.25%
Equity Trustee Limited	Trustee (other than a bare trustee)	1,361,516,331 ordinary shares (L) (Note 3)	38.25%
Mr. Ma Suocheng	Interests of any parties to an agreement to acquire interests in the Company required to be disclosed under sections 317(1)(a) and section 318 of the SFO	1,898,103,222 ordinary shares (L) (Note 4)	53.33%

Name of shareholder	Capacity/nature of interest	Number and class of securities held <i>(Note 1)</i>	Approximate percentage of shareholding <i>(Note 2)</i>
Ms. Ma Xia	Beneficial owner	172,166,037 ordinary shares (L)	4.84%
	Interests of any parties to an agreement to acquire interests in the Company required to be disclosed under sections 317(1)(a) and section 318 of the SFO	1,725,417,185 ordinary shares (L) <i>(Note 4)</i>	48.50%
Mr. Ma Qiang	Founder of a discretionary trust <i>(Note 3)</i>	1,898,103,222 ordinary shares (L)	53.33%
Mr. Yang Tao	Beneficial owner	274,919,268 ordinary shares (L)	7.73%
Mr. Li Man	Beneficial owner	272,039,268 ordinary shares (L)	7.64%
Mr. Lv Wenhua	Beneficial owner	240,415,854 ordinary shares (L)	6.76%

Notes:

1. The letter “L” denotes a long position in the shares or underlying shares of the Company or any of its associated corporations.
2. The percentage of shareholding is calculated based on the number of issued shares of the Company as at 30 June 2021.
3. These shares were held by Shiny Ocean, which was wholly owned by Ma Family Holdings Co. Limited. The entire issued share capital of Ma Family Holdings Co. Limited was owned by Equity Trustee Limited as trustee of the Ma Family Trust of which Mr. Ma Suocheng and male lineal descendants of Mr. Ma Qiang are the discretionary beneficiaries.
4. By virtue of the SFO and the Irrevocable Undertaking given by Mr. Ma Suocheng, Ms. Ma Xia, Ms. Ma Ye and Mr. Liu Fali in favour of Mr. Ma Qiang, (1) Mr. Ma Suocheng was deemed to be interested in all the Shares in which Ms. Ma Xia, Ms. Ma Ye, Mr. Liu Fali and Mr. Ma Qiang were interested”; (2) Ms. Ma Xia was deemed to be interested in all the Shares in which Mr. Ma Suocheng, Ms. Ma Ye, Mr. Liu Fali and Mr. Ma Qiang were interested and (3) Ms. Ma Ye was deemed to be interested in all the Shares in which Mr. Ma Suocheng, Ms. Ma Xia, Mr. Liu Fali and Mr. Ma Qiang were interested and (4) Mr. Liu Fali was deemed to be interested in all the Shares in which Mr. Ma Suocheng, Ms. Ma Xia, Ms. Ma Ye and Mr. Ma Qiang were interested.

Save as disclosed herein, as at 30 June 2021, the Company had not been notified of any other person (other than the Directors or chief executive of the Company) who had a discloseable interest or short position in the Shares as recorded in the register which was required to be kept under section 336 of the SFO concerning persons carrying rights to vote in all circumstances at general meetings of any other members of the Group.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

During the Quarterly Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares (2020: nil).

SHARE AWARD SCHEME

On 8 July 2019, the Company resolved to adopt a share award scheme (the "Scheme") for the purpose of affirming and rewarding the contribution of the eligible participants to the growth and development of the Group and motivating eligible participants to retain them and continue to assist the Group's operations and development and attracting suitable personnel to promote further development of the Group. No share awards have been granted under the Scheme during the Quarterly Period.

In July 2021, the Company awarded a total of 27,069,000 awarded shares to 56 eligible participants. For details, please refer to the Company's announcement dated 5 July 2021.

COMPETING INTERESTS

For the Quarterly Period, none of the Directors or the controlling shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules) had an interest in a business which causes or may cause any significant competition with the business of the Group.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles and has complied with all the code provisions as set out in the Code on Corporate Governance Practices ("Code") contained in Appendix 15 of the GEM Listing Rules throughout the Quarterly Period under review.

SECURITIES TRANSACTIONS BY DIRECTORS

During the Quarterly Period, the Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, the Company was not aware of any non-compliance with such code of conduct and required standard of dealings throughout the Quarterly Period.

AUDIT COMMITTEE

The Company established an audit committee with written terms of reference in compliance with the GEM Listing Rules. The primary duties of the audit committee are, among others, to review and supervise the financial reporting processes and internal control procedures of the Group and to provide advice and comments to the Board accordingly. The audit committee consists of three independent non-executive Directors of the Company, namely Ms. Zhang Lin, Ms. Liu Talin and Ms. Yao Yunzhu.

The Group's unaudited financial statements for the Quarterly Period have been reviewed by the audit committee.

As at the date of this report, the Board comprises the follow directors:

Executive directors:

Mr. Xiong Zeke (*Chairman*)
Mr. Ma Tianyi (*Chief Executive Officer*)
Mr. Liu Fali (*Chief Operating Officer*)
Mr. Ma Gangling
Ms. Qin Chunhong
Ms. Ma Ye

Independent non-executive directors:

Ms. Zhang Lin
Ms. Liu Talin
Ms. Yao Yunzhu

By order of the Board
Pizu Group Holdings Limited
Xiong Zeke
Chairman

PRC, 13 August 2021